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C O N F I D E N T I A L BAGHDAD 001454

SIPDIS

E.O. 12958: DECL: 06/01/2019
TAGS: [ETRD](#) [KCOR](#) [PGOV](#) [IZ](#)
SUBJECT: FORMER TADE MINISTER ARRESTED ON CORRUPTION CHARGES

REF: A. BAGHDAD 1396
[1](#)B. BAGHDAD 1388 AND PREVIOUS

Classified By: Classified By: Acting Economic Counselor Ruth M. Hall,
Reasons 1.4 (b, d).

Summary

[1](#)1. (C) Acting on a warrant issued in the widening probe into corruption within the Ministry of Trade, Iraqi authorities on May 30 arrested recently-resigned Minister of Trade al-Sudani as he was attempting to depart the country. Al-Sudani,s arrest marks the first big test of the judiciary and parliament,s growing muscularity in addressing corruption within the executive ministries. End summary.

Significant Arrest

[1](#)2. (C) In a dramatic turn of events, Iraqi authorities arrested former Minister of Trade Abdul Falah al-Sudani on May 30 as he was trying to depart Iraq for the UAE. Al-Sudani, who reportedly holds a UK passport, resigned his post effective May 25 amidst charges of widespread corruption in his ministry and following the issuing of arrest warrants for 10 ministry employees, to include his two brothers (ref B). The MOT is widely known to be riddled with corruption, primarily associated with its role in managing the Public Distribution System (PDS) food subsidy program.

[1](#)3. (C) The current set of warrants stem from an investigation carried out by Iraq,s anti-corruption agency, the Committee on Integrity (COI), on unfit-for-consumption foodstuffs (specifically spoiled tea) warehoused in Muthanna province. The COI estimates that over USD 2 billion has been stolen from the PDS system by ministry employees over the last four years; roughly 70 percent of foodstuffs destined for the program being siphoned off through corruption. The judicial process in Muthanna proceeded concurrent with Council of Representatives (COR) questioning of the minister over corruption allegations and his subsequent resignation (ref A).

Denied Departure

[1](#)4. (C) While the initial tranche of 10 arrest warrants issued by the Muthanna judge did not include al-Sudani, the judge later, citing a preponderance of evidence linking al-Sudani to corruption, decided to subsequently issue the warrant for his arrest. Contacts informed us that upon hearing of the judge,s decision to issue a warrant for the now former minister, COR Integrity Committee head Sheikh Sabah al-Sa,adi, knowing al-Sudani,s travel plans, contacted the Director General for Aviation at the Ministry of Transport and convinced him to prevent the departure of al-Sudani,s flight.

¶5. (C) Upon the plane,s return to the gate at Baghdad Airport, authorities pulled al-Sudani off of the UAE-bound aircraft and placed him under arrest. We are not yet clear on the location of or conditions surrounding al-Sudani,s detention. Since the cases brought in Muthanna province against the MOT employees are still in the investigative phase, it is not yet clear how many of the accused, if any, will stand trial. Iraqi law allows for suspects to be detained for a maximum of six months before trial.

Comment

¶6. (C) Al-Sudani,s arrest is a significant development in the GOI,s anti-corruption drive, particularly given the protection previously afforded him by the Prime Minister. The confluence of the judicial system,s pursuit of MOT officials for corruption with the COR,s more-muscular oversight role certainly puts pressure on the executive. Given the damning evidence of corruption within the MOT, it is likely that the investigative judge will seek to expand the probe -- a move that could cause a ripple effect touching other prominent individuals or ministries.
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HILL